

ANALYST Day

Results of 2011. Development prospects

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Company profile



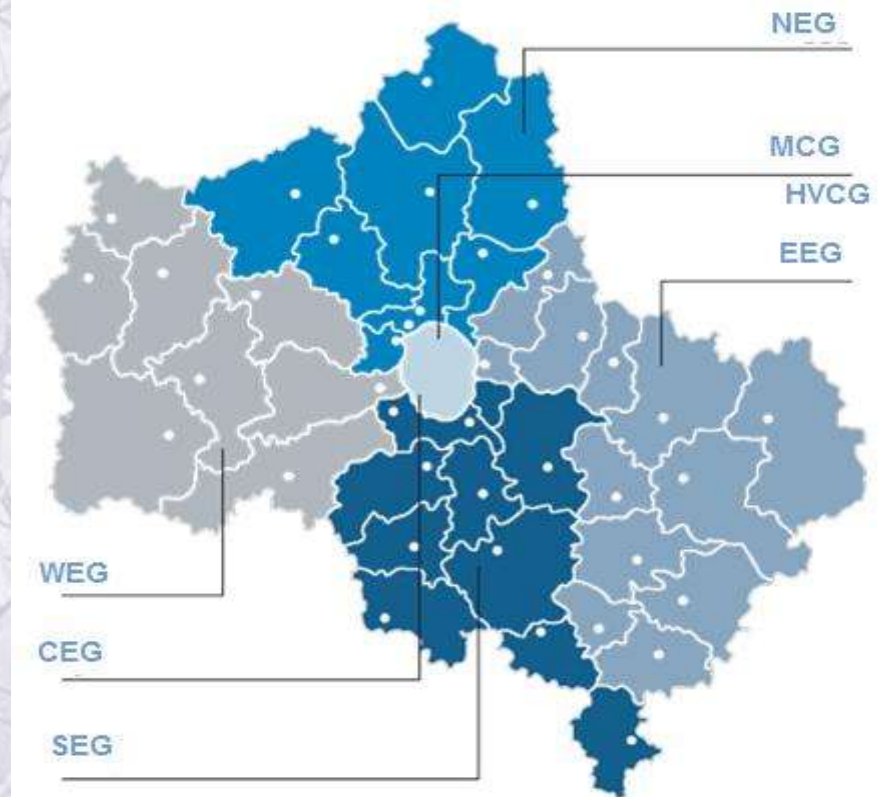
JSC “Moscow United Electric Grid Company” (hereinafter referred to as JSC “MOESK”) was established on **1 April 2005** as a result of reorganization of JSC “Mosenergo” in the form of spin-off.

Main activities:

1. Electricity transmission
2. Technological connection to electric grids

Company assets

		2011
overhead power lines	km	64 308
cable power lines	km	71 503
high-voltage feed centers	pcs	607
substations of distribution grids	pcs	28 689
installed transformer capacity		
- of high-voltage feed centers	MVA	44 545
- of substations of distribution grids	MVA	21 183



JSC “MOESK”:

- ✦ renders services in the most developing region of Russia.
- ✦ carries out natural monopoly type of activity.
- ✦ is among system-forming companies of Russia.

Repairs program



Performance of repairs program

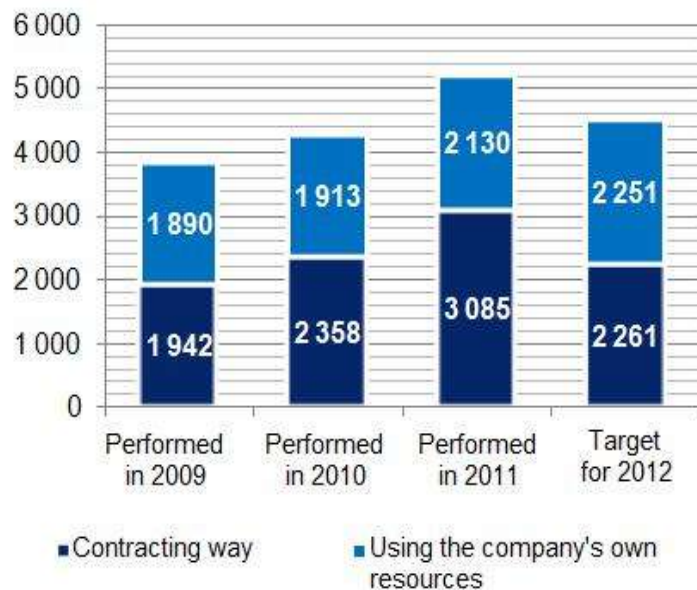
Indicator	2011 r.
Repairs of substations, pcs.	56
Repairs of substations equipment, pcs.	8 673
Repairs of PL (power lines), km	4 408
Clearing of routes for PL, ha	5 075

Increase in the repairs fund in 2011 was caused by the works performed in respect of elimination of the consequences of adverse weather conditions in December 2010 at damaged OL 0,4-220 kV.

1 423 supports were replaced and repaired in excess of the plan, over 706 km of wires were restored, over 417 ths. of trees were removed from OL 0,4-220 kV, including dangerous ones.

Besides, in 2011 works to bring routes in compliance with normal condition were performed at OL 0,4-220 kV (1 109 ha), and the program of the year 2011 for replacement of uninsulated wires of OL 0,4-10 kV by those of brand SSIW (self-supporting insulated wire) was performed (360 km).

Expenditure of repairs fund, mn RUR



Share of expenses of the repairs program in the total expenses of the Company

Indicator	Performed in 2009	Performed in 2010	Performed in 2011	2011/2010, %	Target 2012
Total cost, mn RUR	69 382	85 240	101 102	19	89 001
Repair expenses, mn RUR	3 832	4 270	5 216	22	4 512
Share of repair expenses, %	5,5	5,0	5,2	-	5,1

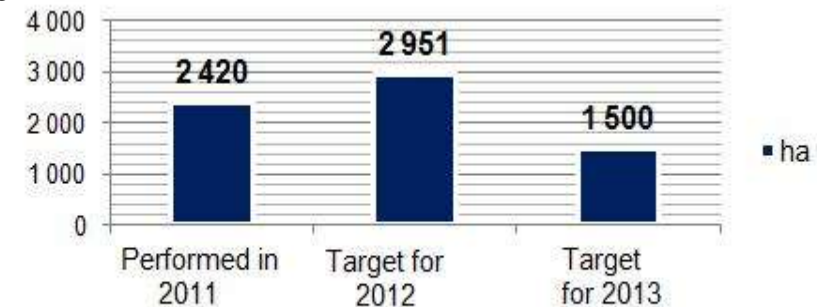


Performance of production program (1): overhead lines 35-220 kV



The Company's program for bringing routes of overhead lines 35-220 kV in compliance with the normative condition includes all 730 power lines located in forests. It is planned for the years 2011-2013.

According to Order #160 of the RF Government, the total amount of works as regards clearing of routes at overhead lines 35-220 equals 6 878 ha. The main amount of works is planned for 2012.



Indicator	Perfor med in 2009	Perfor med in 2010	Perfor med in 2011 г.	2011/ 2010, %	Target for 2012
Bringing of routes of OL 35-220 kV in compliance with normative value, ha	-	-	2 420	-	2 951
Clearing of routes from trees and bushes at OL 35-220 kV, ha	2 169	1 971	3 082	156	1 928

In 2011, the works of bringing routes in compliance with normative condition were performed at overhead lines 35-220 kV in the area of 2 420 ha.

The structure of especially important power lines of 35-220 kV included the lines feeding airports, traction vehicles of RZHD, large residential settlements

Performance of production program (2): overhead lines 6-10 kV



The Company's program for bringing routes of overhead lines of 6-10 kV located in forests to normative condition. It is planned for the years 2011-2015.

The total amount of the works under the Program for 2011-2015 will make **3 577 ha**.



In 2011, 739 km of wires at overhead lines of 0,6-10 kV were replaced by wires of the brand SSIW (self-supporting insulated wire), including within the framework of repairs- 360 km.

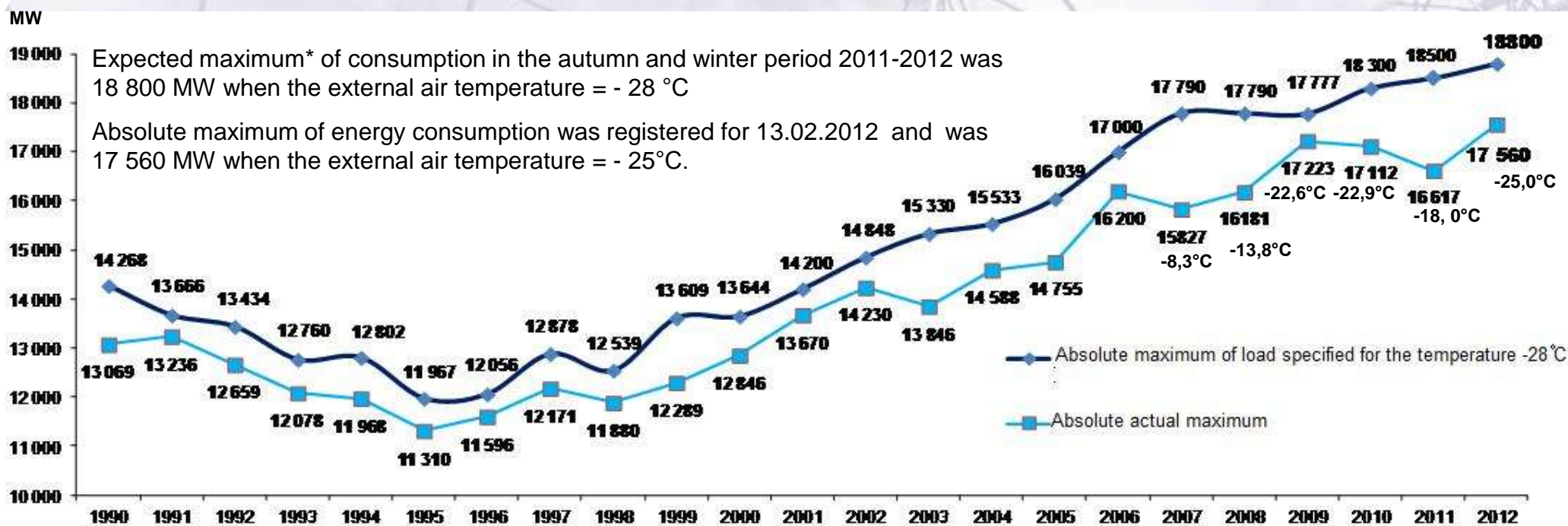
The Program for Replacement of Uninsulated Wires of Overhead Lines of 6-10 kV by the Wires of the Brand SSIW-3 has been formed for 2012-2014.

The total amount of works under the Program

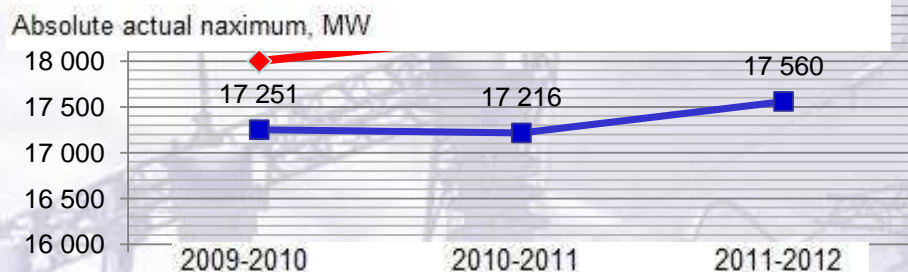


Indicator	Perfor med in 2009	Perfor med in 2010	Perfor med in 2011	2011/ 2010, %	Target for 2012
Bringing of routes of OL 6-10 kV in compliance with normative value and clearing of routes from trees and bushes, ha	837	733	1 833	150	1 367
Replacement of uninsulated wires of OL 6-10 kV by the wires of the brand of the self-supporting insulated wires, km	187	100	739	639	815

Energy consumption in Moscow energy system



Expected absolute maximum of loads specified for temperature -28 C, MW



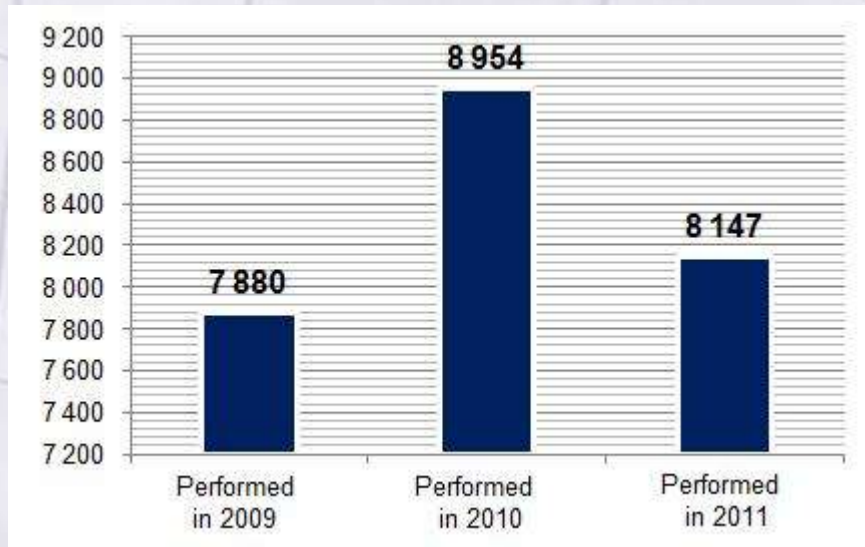
- ◆ Прогнозируемый абсолютный максимум нагрузки, приведенный к температуре -28 °C, МВт
- Абсолютный фактический максимум, МВт

During the autumn and winter period 2011-2012, the maximum consumption in the Moscow energy system was registered at 13.02.2012 at the temperature of -25°C and was 17 560 MW, which is by 309 MW exceeds the historical maximum consumption during the autumn and winter period 2009-2010 at the temperature $t = -20^{\circ}\text{C}$ on 16.12.2009.

Accident rate condition



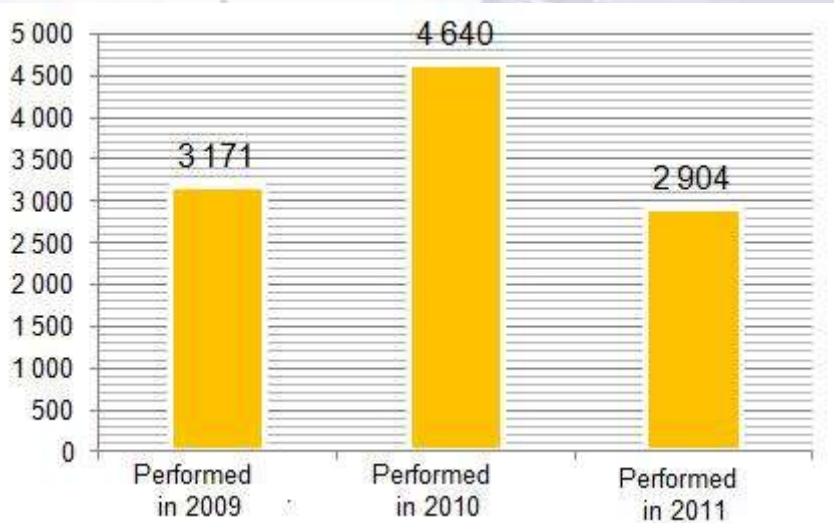
Number of technological breakdowns (failures), pcs.



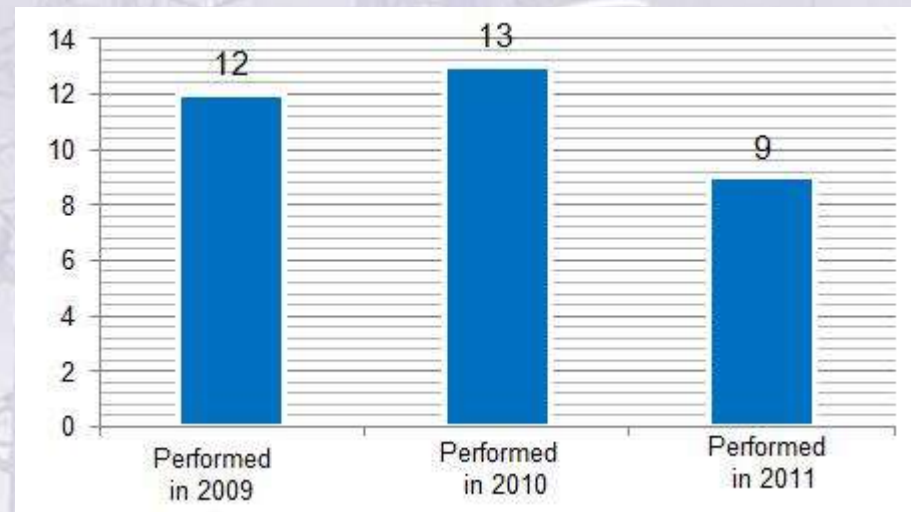
Decrease in accident rate in the branches of JSC "Quadra - Power Generation" in 2011 is caused by implementation of comprehensive programs aimed to decrease accident rate and increase reliability of electric grid equipment operation:

- Clearing and expansion of security zones of OL 6-220 kV;
- Application of heat shrink sleeves;
- Replacement of supporting rod insulators by polymeric ones at circuit breakers 35-220 kV and separately located insulators (target - 3771 pieces, actually performed - 4331 pieces);
- Replacement of high-voltage inputs by inputs with solid insulation of 35-220 kV (target - 338 pieces, actually performed - 366 pieces);
- Installation and replacement of arresters at overvoltage terminators of 35-220 kV (target - 64 pieces, actually performed - 112 pieces);
- Replacement of uninsulated wire by the protected wire of the brand SSIW-2 and SSIW-3 (target - 548 km, actually performed - 615 km).
- Decrease in incompletely supplied electric power 1.6 times and economic loss 1.3 times in 2011 as a result of failures occurred due to reduction in time spent on recovery and repairs works.

Amount of incompletely supplied electricity, ths. kWh



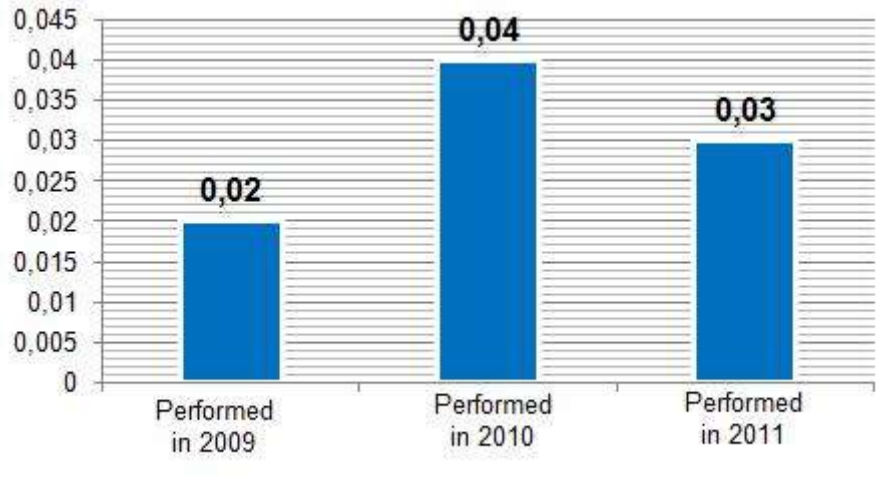
Economic loss, mn RUR



Accident rate condition



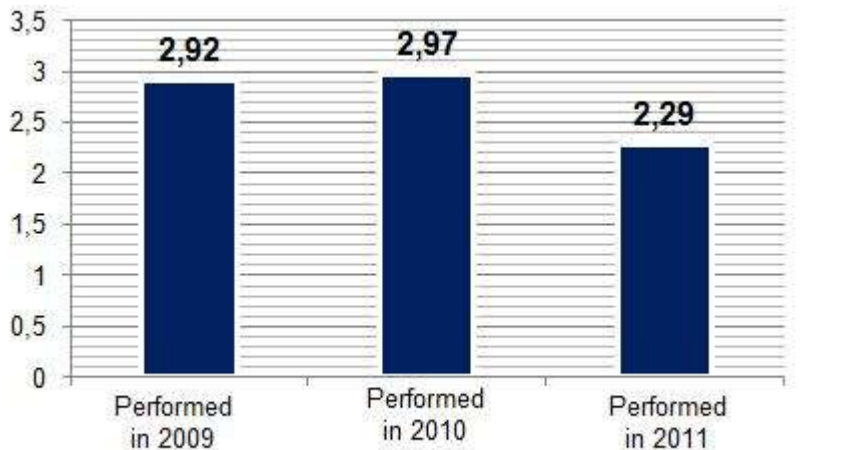
Average time of electricity supply restoration for Moscow consumers (per 1 accident), hours



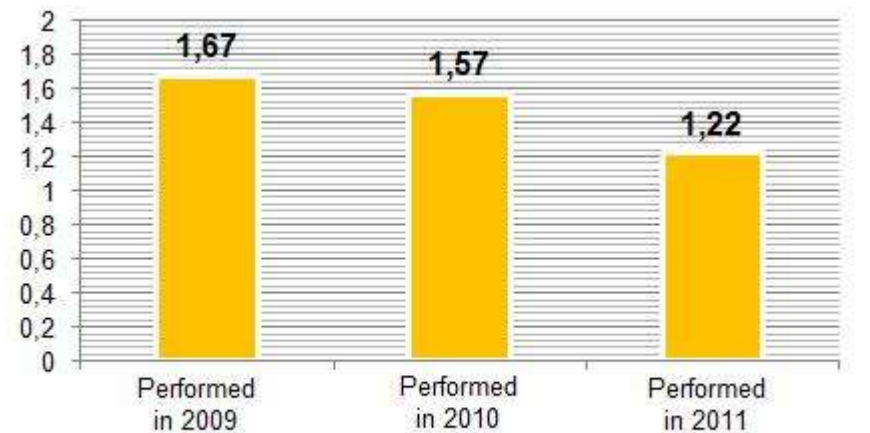
Reduction in time of restoration of electricity supply for consumers in 2011 was possible due to performance by branches of the organizational and engineering actions in the field of equipment operations and engineering maintenance:

- beginning of implementation in 2011 of the 5-year Program Aimed to Bring Zones of Operations Responsibility in Compliance with Borders of the Operational Service Zones of Branches;
- increase in number of the personnel of field service, emergency recovery brigades (FSB, ERB) and operations and repairs personnel of branches up to 216 people;
- change of the mode of operations service by FSB personnel of substations which feed socially significant facilities;
- additional purchase of mobile power stations and their equipping with operations and repairs personnel of branches.

Average time of electricity supply restoration for the Moscow Region consumers (per 1 accident), hours



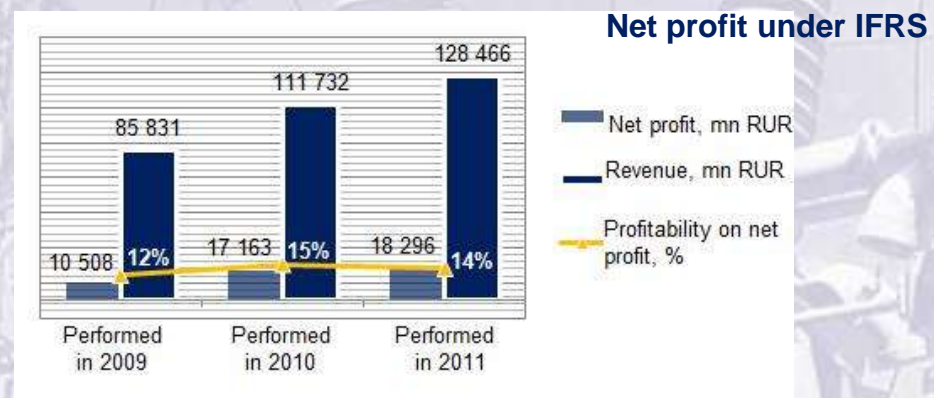
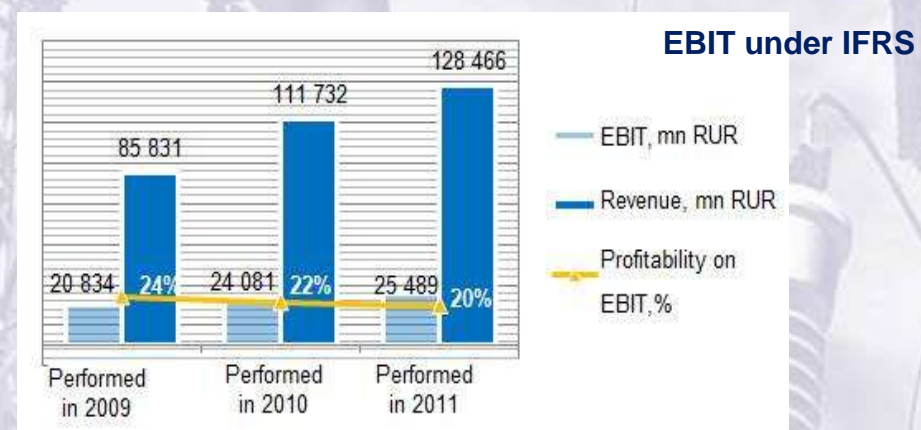
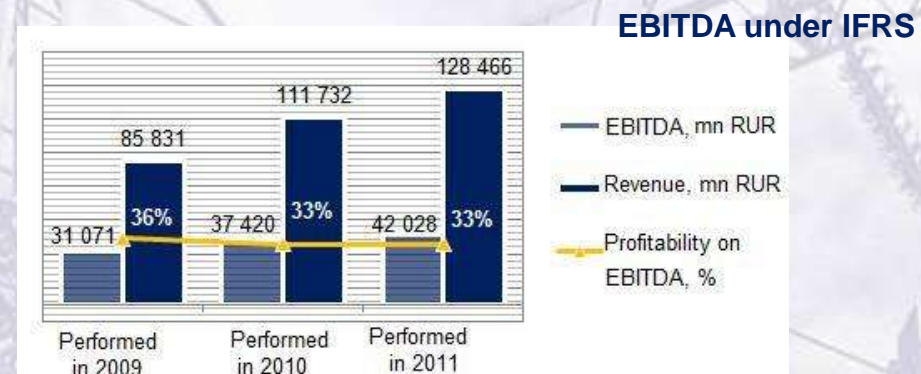
Average time of electricity supply restoration for the Company consumers (per 1 accident), hours



Main financial indicators (1)



Indicator		Perfor med in 2009	Perfor med in 2010	Perfor med in 2011	2011/ 2010, %	Target for 2012
Revenue, mn RUR	IFRS*	85 831	111 732	128 466	15	-
	RAS	85 233	110 634	126 546	14	108 393
EBITDA, mn RUR	IFRS	31 071	37 420	42 028	12	-
	RAS	24 804	36 246	39 685	10	34 059
Profitability on EBITDA, %	IFRS	36	33	33	-	-
	RAS	29	33	31	4	31
EBIT, mn RUR	IFRS	20 834	24 081	25 489	6	-
	RAS	13 757	24 090	24 488	2	17 522
Profitability on EBIT, %	IFRS	24	22	20	-9	-
	RAS	16	22	19	-11	16
Net profit, mn RUR	IFRS	10 508	17 163	18 296	4	-
	RAS	6 319	15 622	17 053	9,	8 802
Profitability on net profit, %	IFRS	12	15	14	-7	-
	RAS	7	14	14	-5	8
Net assets, mn RUR	IFRS	89 357	106 071	123 167	16	-
	RAS	122 128	138 020	155 178	10,5	163 263



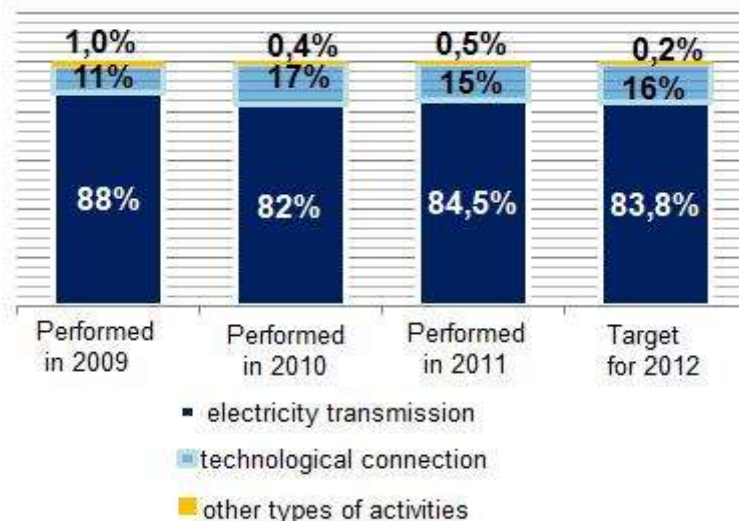
*Data under IFRS as at the date of preparation of the presentation are preliminary (may be changed).



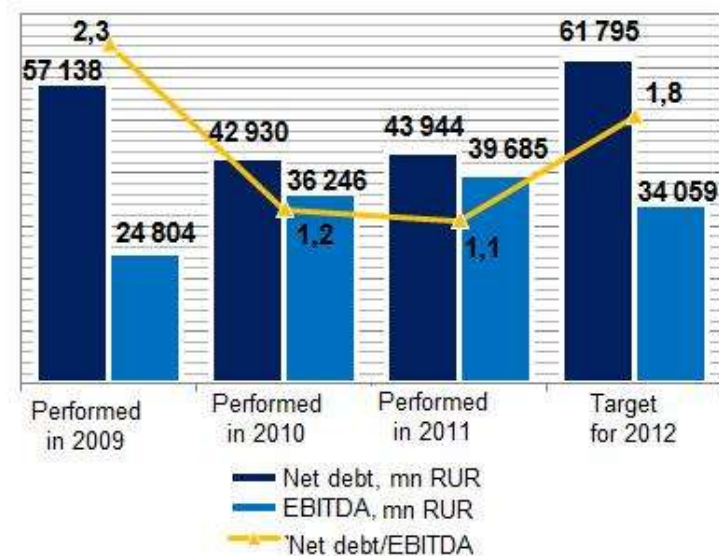
Main financial indicators (2)

Indicator	Perfor med in 2009	Perfor med in 2010	Perfor med in 2011	2011/ 2010, %	Target 2012
Total revenue, mn RUR, including:	85 233	110 634	126 546	14,4	108 393
• <i>electricity transmission, mn RUR</i>	74 904	91 239	106 994	17,3	90 834
• <i>Technological connection, mn RUR</i>	9 469	18 945	18 860	-0,5	17 303
• <i>other activities, mn RUR</i>	859	450	693	53,9	256
Revenue growth, %	-	129,8	114,4	-	85,7
Net profit growth, %	-	247,2	109,2	-	51,6
EBITDA growth, %	-	146,1	109,5	-25,1	85,8
Net debt*, mn RUR	57 138	42 930	43 944	2,4	61 795
EBITDA, mn RUR	24 804	36 246	39 685	9,5	34 059
Net debt/EBITDA	2,30	1,18	1,11	-6,5	1,81
Return on equity (ROE), %	5,57	12,99	11,96	-7,9	5,78

Revenue structure by types of activities



Net debt/EBITDA



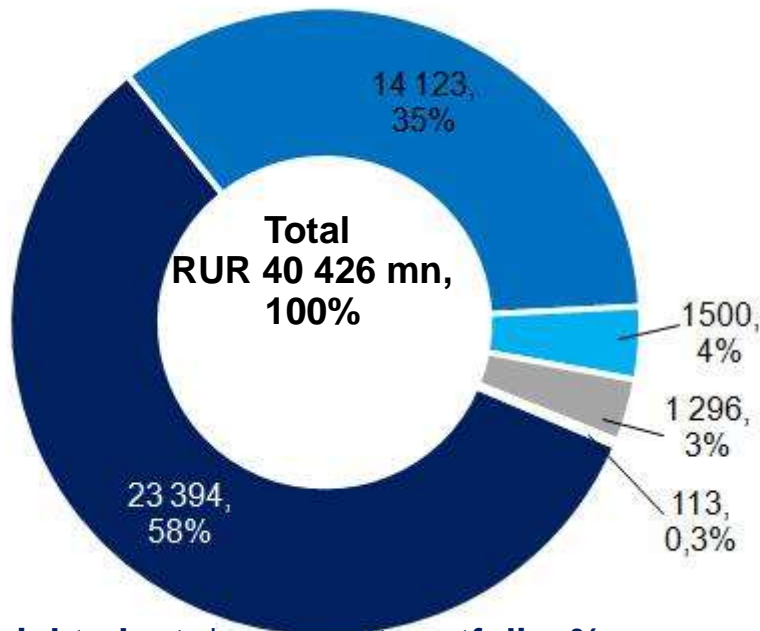
* Net debt = debt on long-term and short-term credits and loans + balance of debt on leasing – balances of cash with settlement accounts

Credit portfolio



Основные кредиторы по состоянию на 01.01.2012

Main creditors



Creditor	Average weighted rate	Maturity
Sberbank	7,70	18.08.2016
Alfa-Bank	9,75	22.09.2017
GPB	8,50	30.06.2016
Bank of Moscow	9	28.11.2012
FEB	10,09	16.11.2019
Total	8,49	-

Total Credit portfolio structure, mn RUR

Indicator	Performed in 2009	Performed in 2010	Performed in 2011	Target for 2012
Credits and loans	29 572	26 270	39 130	59 550
Bonded loan	2 416	2 416	-	-
Bills	8 772	2 642	1 296	-
total	40 760	31 328	40 426	59 550

Average weighted rate* on credit portfolio, %



Credit ratings

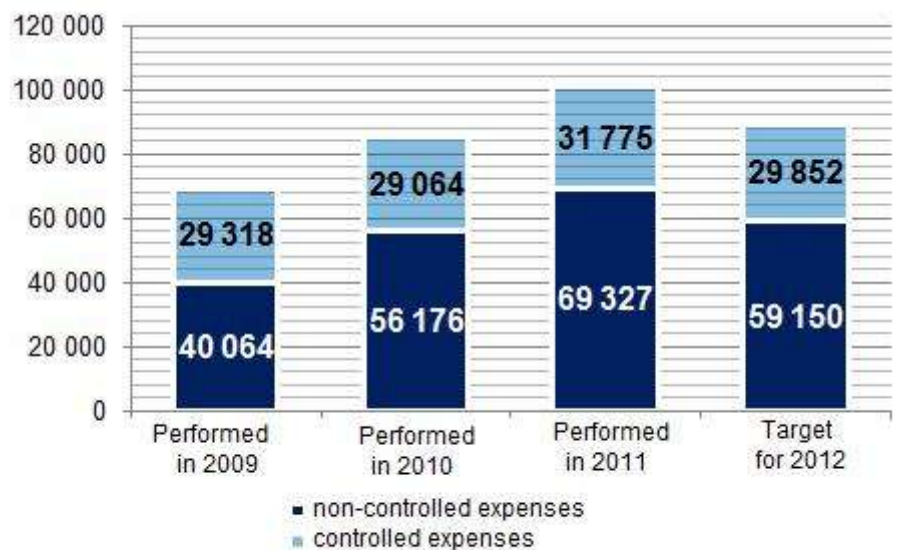
	International scale	Russian scale	Date of updating
	Ba2 stable forecast	Aa2.ru	28.06.2011
	Bb- stable forecast	ruAA-	12.01.2012 (date of assigning)

*Without taking into account bills of bonded loan



Operational costs

Cost structure, mn RUR



In 2011, within the framework of performance of the priorities set by the RF Government, the Company implemented the Program for Reduction in Controlled Operational Expenses from the level of 2010, which was corrected in relation to the actual consumer price index (2011 - 6,1 %), and coefficient of elasticity of change of growth of standard units of capital equipment (2011 - 0,75).

The actual effect from reduction in costs in 2011 was 3,54%, which is by 0,5 % above the plan equal to 3,04%. In 2012, the effect from reduction in controlled operational costs is planned on the level of 5,19%.

Indicator

Indicator	Performed in 2009	Performed in 2010	Performed in 2011	2011/ 2010, %	Target for 2012
Cost, total	69 382	85 240	101 102	18,6	89 001
Non-controlled expenses:	40 064	56 176	69 327	23,4	59 150
purchased electricity to compensate losses	10 605	13 629	13 038	-4,3	13 689
services of JSC "UES FGC"	5 958	8 579	11 026	28,5	12 081
services of distribution grid companies	12 455	21 812	30 067	37,8	16 843
depreciation	11 047	12 156	15 196	25,0	16 537
Controlled expenses:	29 318	29 064	31 775	9,3	29 852
expenses for personnel (labor payment, insurance contributions, NPF (non-state pension fund))	9 230	10 409	13 987	34,4	13 595
repair maintenance (materials + contracting)	2 543	2 997	3 736	24,7	2 975
production services + maintenance-related materials	2 702	1 867	2 681	43,6	2 283
other controlled expenses	14 843	13 792	11 371	-17,6	10 999

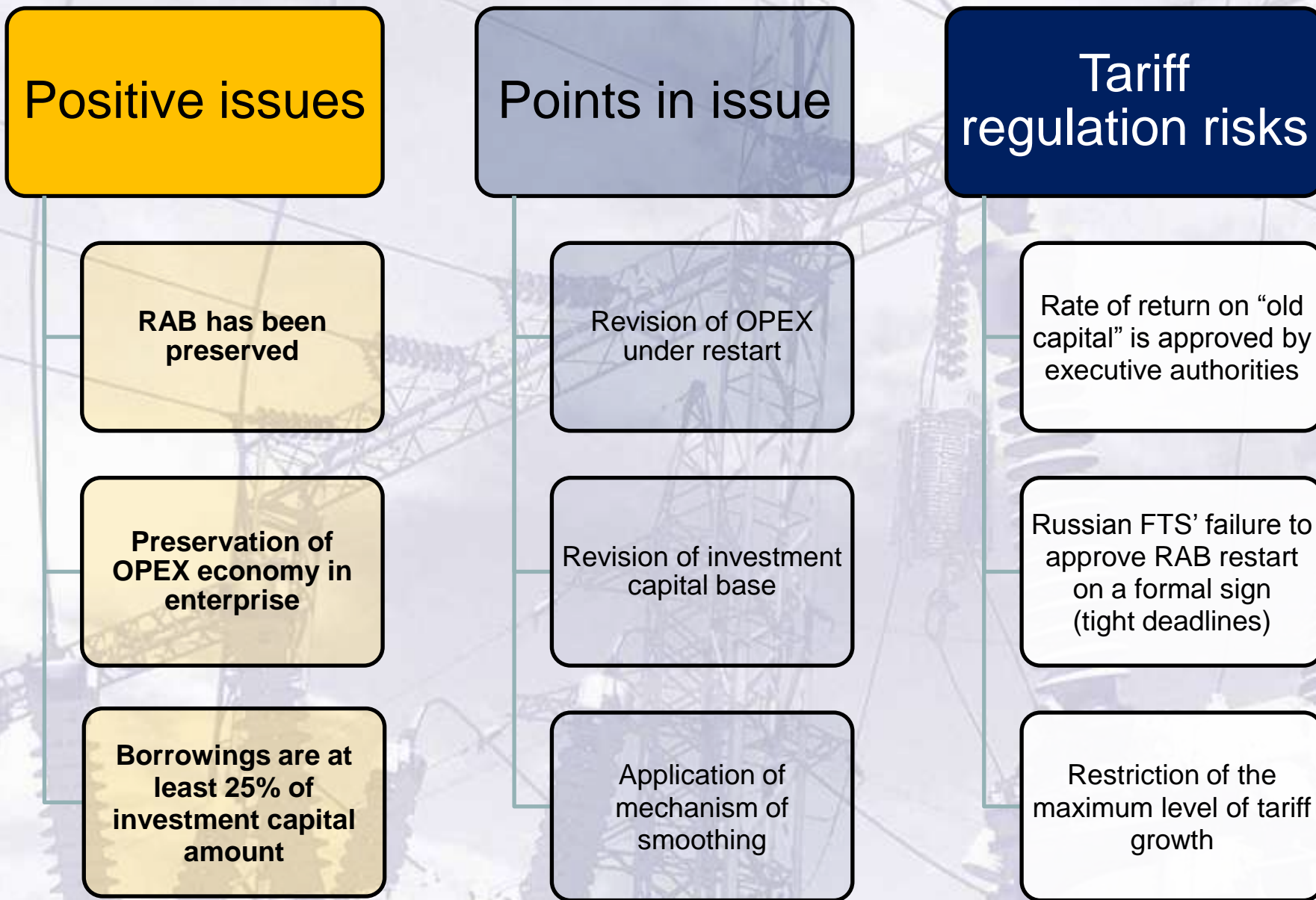
“Restart” of RAB since 1 July 2012



Adoption of decision on establishment (revision) of tariffs before 1 April 2012 according to RF Governmental Order 1178 dated 29.12.2011:

- Revision of long-term parameters of regulation for the period 2012-2017;
- Revision of non-controlled charges subject to change of the following parameters:
 - *Tariffs for services of JSC "UES FGC";*
 - *Prices for electricity subject to compensation of technological losses;*
 - *Shortfall in income of an organization;*
 - *Taxes, levies and other obligatory payments.*
- New rates of return on the "old" and "new" capital;
- Recovery of capital and return on the capital on the basis of the data about actually commissioned electric grid facilities according to the investment program approved for 2012-2017 in the established order

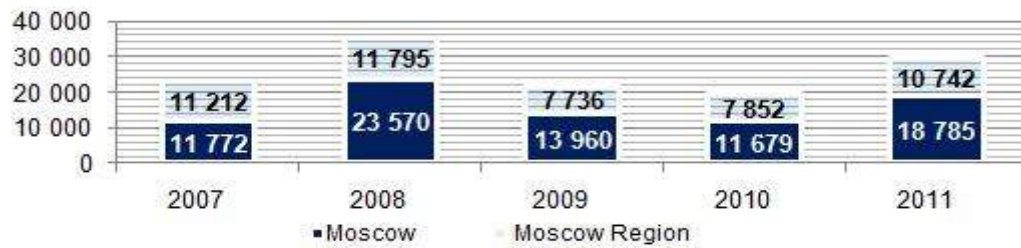
Assessment of RAB regulation parameters by management



Investment program (1)



IP (inv. project) (spending, mn RUR, without VAT) 2007-2011

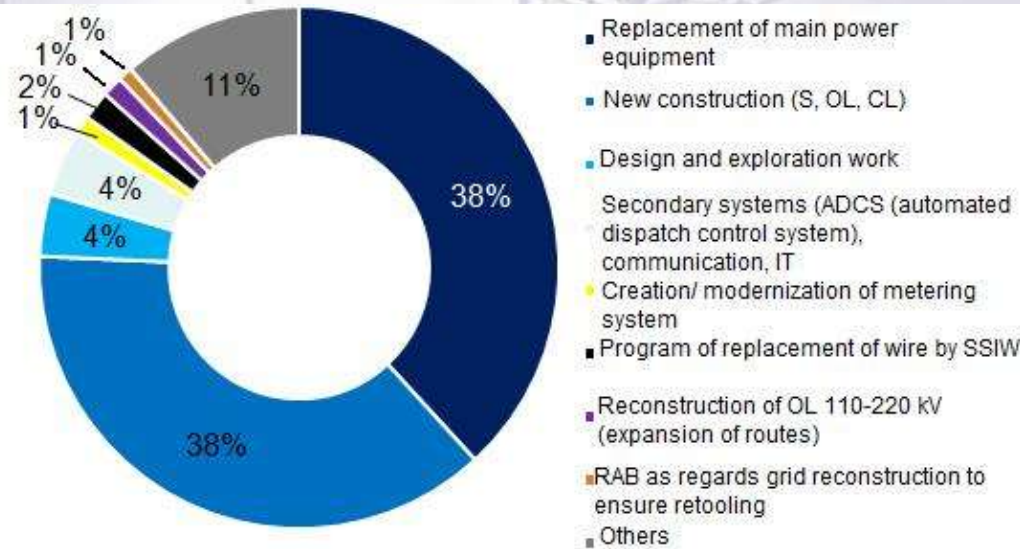


Total	2007	2008	2009	2010	2011
	22 984	35 365	21 696	19 531	29 527

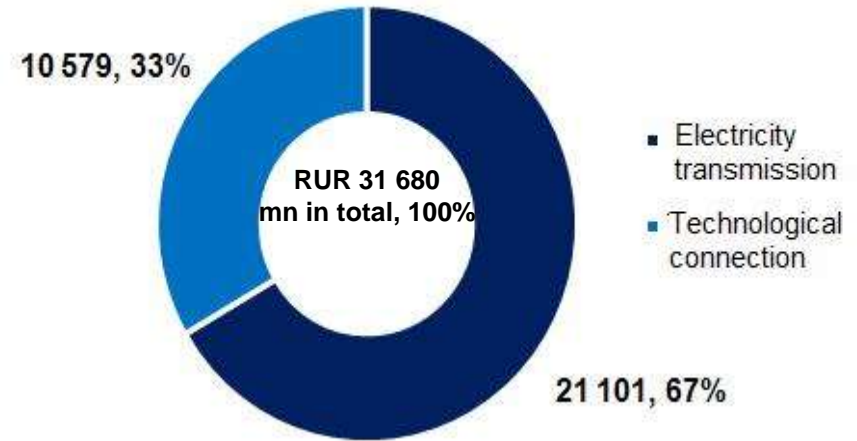
Results of IP implementation 2011

	Commissioned	Actually performed
Commissioned capacity	1 597 MVA	125 %
	2 726 km	110 %

Main lines of IP, 2011



Sources of IP financing for 2011, mn RUR, including VAT



Main investment projects of 2011

Investment project	Commissioned capacity, MVA
• OL-110 kV “Khvoynaya-N.Podlipki 1,2” and formation of OL “Khvoynaya-Topol”, “N.Podlipki-Klyazma”	40
• Reconstruction of S 110kV “Yubileinaya” #776	126
• Reconstruction of S #688 110 kV “Planernaya” (installation of transformers 2x40 MVA), OS (open switchgear) 110 kV, SG (switch gear) 10 kV, including design and exploration work	80
• S-110/20 kV “MGU”	160
• S-220/110/20/10 kV “Butovo”	200
• Construction of S -110 kV “Fetishchevo”	126

Investment program (2)



Investment program 2012-2017

Indicator	Target 2012	Target 2013	Target 2014	Target 2015	Target 2016	Target 2017	Total 2012-2017
Funding, mn RUR, including VAT	37 442	52 274	56 761	47 261	38 698	41 528	273 963
Commissioning, mn RUR, without VAT	35 334	37 699	55 764	44 916	35 165	37 769	246 647
Commissioning							
Capacity commissioning, MVA	4 662	3 432	5 884	4 233	3 980	2 485	24 677
Capacity commissioning, km	3 126	2 474	2 362	1 704	1 310	1 234	12 210
Capacity increase, MVA	1 215	1 291	2 982	2 126	2 771	1 049	11 434
Capacity increase, km	1 452	1 280	1 264	1 123	892	892	6 903
Funding sources, mn RUR, including VAT							
Electricity transmission	25 146	40 184	45 214	39 085	32 882	35 900	218 411
Technological connection	8 489	6 388	5 727	5 726	5 259	5 628	37 217
Other non-tariff sources	3 806	5 702	5 819	2 450	557	0	18 335

Lines (funding) of IP, mn RUR, VAT included



IP (funding) by regions, mn RUR, VAT included



Main investment projects for 2012-2017

Main investment projects for 2012

Substation 220 kV “Sloboda”

Goal: Reconstruction and transfer to 220 kV
 Task: transfer to 220 kV, provision of supply of capacity KaAPP.
 Work completion: 4th quarter of 2012

Substation 220 kV “Sigma”

Goal : transfer to 220 kV, provision of connections
 Task : transfer to the voltage of 220 kV, provision of connection of new consumers of NEGC.
 Work completion : 4th quarter of 2012

Substation 220 kV “Babushkin”

Goal : transfer to 220 kV
 Task : transfer to the voltage of 220 kV, improvement of reliability, connection of new consumers of NED (North-Eastern District) of Moscow.
 Work completion : 4th quarter of 2012



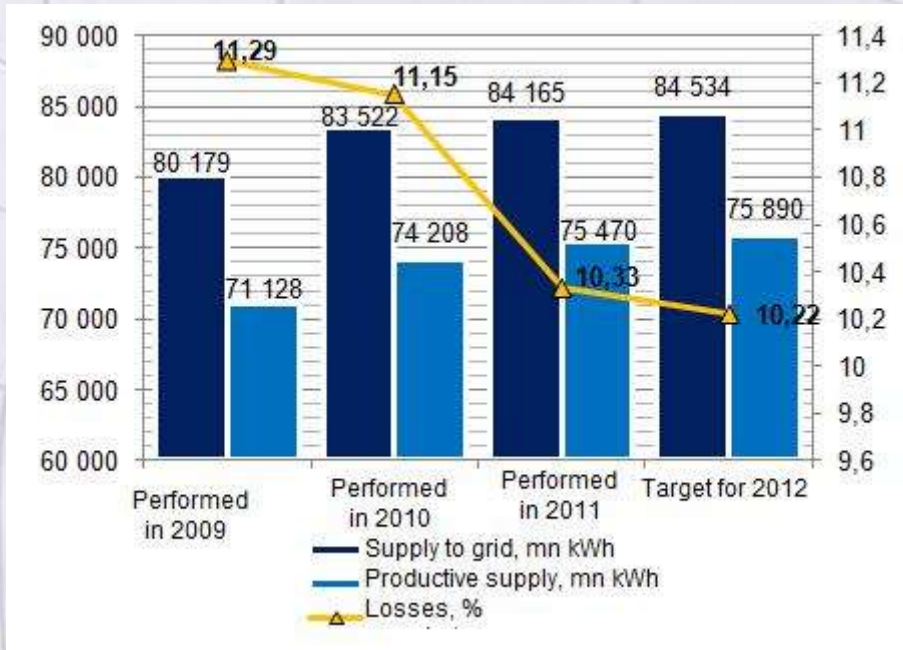
Main investment projects 2012-2017

#	Investment project	Commissioning of capacity into fixed funds (MVA)
1.	S-220/110/20/10 kV “Presnya”	700 MVA
2.	S-220 kV “Grazhdanskaya”	-
3.	S-220 kV “Kozhevnickeskaya”	400 MVA
4.	S-220 kV “Belorusskaya”	360 MVA
5.	S-220 kV “Golianovo”	200 MVA
6.	S-220 kV “Baskakovo”	500 MVA
7.	S-220 kV “Sviblovo”	500 MVA

Operating results, share in services market



Operating results



Reduction in losses in 2011 was achieved due to:

- Performance of actions aimed to reduce losses according to energy saving and energy efficiency improvement program;
- Termination of agreements of lease and sublease of distribution electric grid property and its transfer to JSC "OEK" (reduction in losses in the amount of 188,6 mn kWh).

Performance of Business Plan

Indicator	Target 2011	Performed In 2011
Supply to grid, mn kWh	84 830	84 165
Productive supply, mn kWh	75 585	75 470
Losses, mn kWh	9 245	8 695
Losses, %	10,90	10,33

Share of electricity transmission services in the market

Indicator	Perfor med in 2009	Perfor med in 2010	Perfor med in 2011	Perfor med in 2012
Own revenues	84%	77%	73%	68%
Revenue of TGEs (territorial grid entities)	16%	23%	27%	32%

Main competitors of the Company in the electricity transmission services market

1. JSC "United Electric Grid Company"
2. JSC "Energocomplex"
3. JSC "Moscow Regional Energy Grid Company"

Technological connection, Moscow



Results of TC activities

Indicator	Performed in 2009	Performed in 2010	Performed in 2011
Submitted applications, pcs.	6 422	9 430	8 946
Concluded agreements, pcs.	3 092	5 672	3 502
Connected capacity, MW	162	462	353

Structure of demand by connection categories, %

#	Indicator	Performed in 2009	Performed in 2010	Performed in 2011
1.	Under 15 kW _T , total	1,83	1,40	1,96
1.1.	including individuals	26,54	26,32	21,05
2.	15-100 kW	2,39	1,88	4,11
2.1.	including privileged categories	14,04	8,82	0,59
3.	100-750 kW	8,64	5,21	12,50
4.	Over 750 kW	87,14	91,51	81,43
	Total	100	100	100

Shortfall in income as regards actual costs in the event of TC performance

Category of applicants	Amount of shortfall in income calculated under performed agreements of TC, mn RUR (without VAT)	
	0,4 kV	6-20 kV
	2009	
legal entities under 15 kW	1 541,54	2,37
individuals under 15 kW	592,47	0
legal entities from 15 to 100 kW	31,45	0
Total	2 134,02	2,37
	2010	
legal entities under 15 kW	222,94	0,45
individuals under 15 kW	43,04	0
legal entities from 15 to 100 kW	0	0
Total	265,98	0,45
	2011	
legal entities under 15 kW	0,09	0
individuals under 15 kW	2,62	0
legal entities from 15 to 100 kW	20,49	0
Total	23,20	0

Technological connection, Moscow Region



Results of TC activities

Indicator	Perfor med in 2009	Perfor med in 2010	Perfor med in 2011
Submitted applications, pcs.	23 935	35 408	24 592
Concluded agreements, pcs.	19 127	28 938	19 388
Connected capacity, MW	286	529	563

Structure of demand by connection categories, %

#	Indicator	Perform ed in 2009	Perform ed in 2010	Perform ed in 2011
1.	Under 15 kW _T , total	6,74	12,37	10,28
1.1.	including individuals	91,29	94,81	92,37
2.	15-100 kW	3,16	2,15	2,26
2.1.	including privileged categories	36,15	50,10	20,30
3.	100-750 kW	12,21	12,45	13,41
4.	Over 750 kW	77,88	73,02	74,05
	Total	100	100	100

Shortfall in income as regards actual costs in the event of TC performance

Category of applicants	Amount of shortfall in income calculated under performed agreements of TC, mn RUR (without VAT)	
	0,4 kV	6-20 kV
	2009 г.	
legal entities under 15 kW	0,83	0,77
individuals under 15 kW	86,08	0,21
legal entities from 15 to 100 kW	0,07	0,47
Total	86,91	0,98
	2010 г.	
legal entities under 15 kW	59,33	112,9
individuals under 15 kW	373,2	6,71
legal entities from 15 to 100 kW	0	0
Total	432,53	119,61
	2011 г.	
legal entities under 15 kW	36,73	0,62
individuals under 15 kW	1 262,24	16,10
legal entities from 15 to 100 kW	22,73	29,86
Total	1321,7	45,58

Results of 2011



Improvement of reliability and quality of the services provided by Company

- The performed volume of repair and retooling program has equaled RUR 5.2 bn.
- Routes of OL-35-220 kV located in the area of 2 420 ha and routes of OL-6-10 kV in the area of 1 604 ha have been brought in compliance with the normative condition.
- Replacement of uninsulated wires by SSIW has been performed at 739 km of OL-0,4-10 kV.
- 190 mobile EFB have been formed; they are equipped with all-terrain vehicles.
- Internet-portal of JSC "MOESK" has been launched; it addresses technological connection to electric grids.

Improvement of operating and investment efficiency

- Following the results of 2011, all key financial and operational indices have been improved
- Program of Operational Expenses Reduction has been implemented. Reduction in costs has equaled 3.5% of the level of 2010.
- The first stage of implementation of the construction management system in respect of major investment projects has been performed

Improvement of investment appeal

- Dividends on the Company's shares based on the 2010 performance has been paid in the amount of RUR 1,2 bn
- Rating Agency Moody's has confirmed the credit rating of JSC "MOESK" on the level "Ba2" under the international scale and "Aa2.ru" under the national scale, the forecast is "stable".
- Rating agency Standard & Poor's has assigned JSC "MOESK" the long-term credit rating "BB-" and the rating under the national scale "ruAA-", the forecast is "stable".
- Risk management system has been put into effect.

Improvement of energy efficiency and provision of innovation development

- JSC "MOESK" has joined the technological platform "Smart Energy System of Russia"
- Board of Directors has approved the Innovative Development Program of JSC "MOESK" for 2011-2016 and till 2020
- Board of Directors has approved the Energy Saving and Energy Efficiency Improvement Program of JSC "MOESK" for 2011-2015
- Volume of financing of the research and development activities in 2011 has equaled RUR 69,3 mn
- A number of promising innovative projects are in the stage of implementation.

Improvement of availability of electric grid infrastructure

- Scheme of Grid Development of the Moscow Region of 110 (35) kV and above has been developed.
- Program of Removal of Restrictions of Closed and Overloaded Substations in Moscow for the period 2012-2016 and till 2020 has been developed

Strategic benchmarks



STRATEGIC GOALS

Enhancement of investment appeal and value of the Company

Provision of high reliability of electricity supplies of the capital region and quality of rendered services

Improvement of energy efficiency at the expense of loss reduction and innovations implementation

Enhancement of operating and investment efficiency

Provision of availability of grid infrastructure



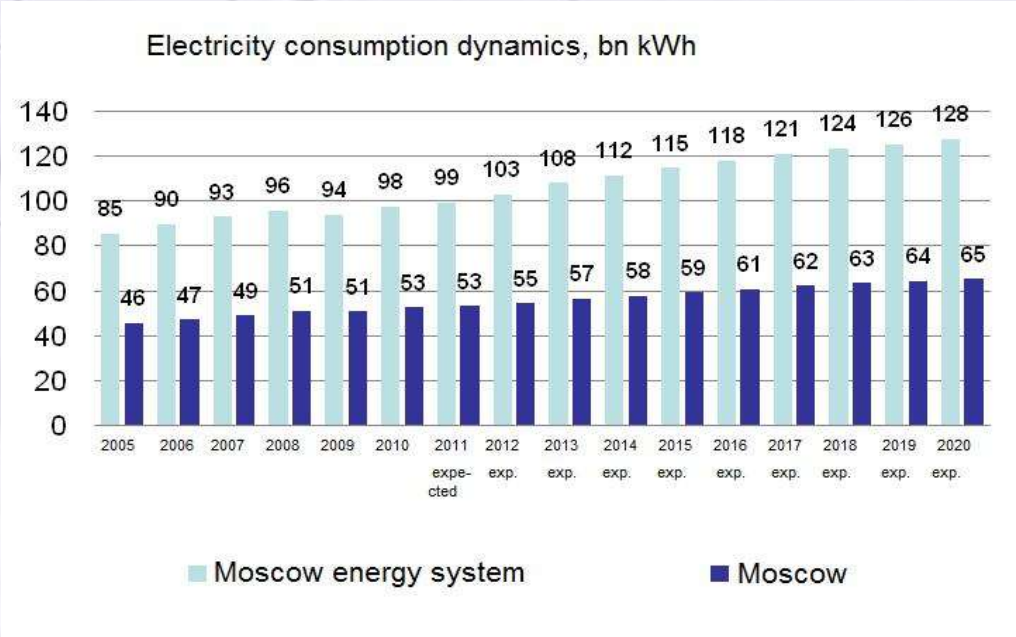
Target vision of future till 2020

- ✦ JSC "MOESK" is the leader of the distribution electric grid complex of the Russian Federation and the Eastern Europe..
- ✦ The Company implements a wide spectrum of services - from transmission of electricity and technological connection to clients' energy consumption automated control.
- ✦ Smart network ensuring reliability and quality of electricity supply on the level of the best world standards has been created.
- ✦ Implementation of innovations and use of market opportunities enabling the Company to achieve high financial and operational results.
- ✦ Team and harmonious work of people based on knowledge, skills and opportunities of self-actualization is a basis of continuous improvement and steady development.

Development of Moscow energy system



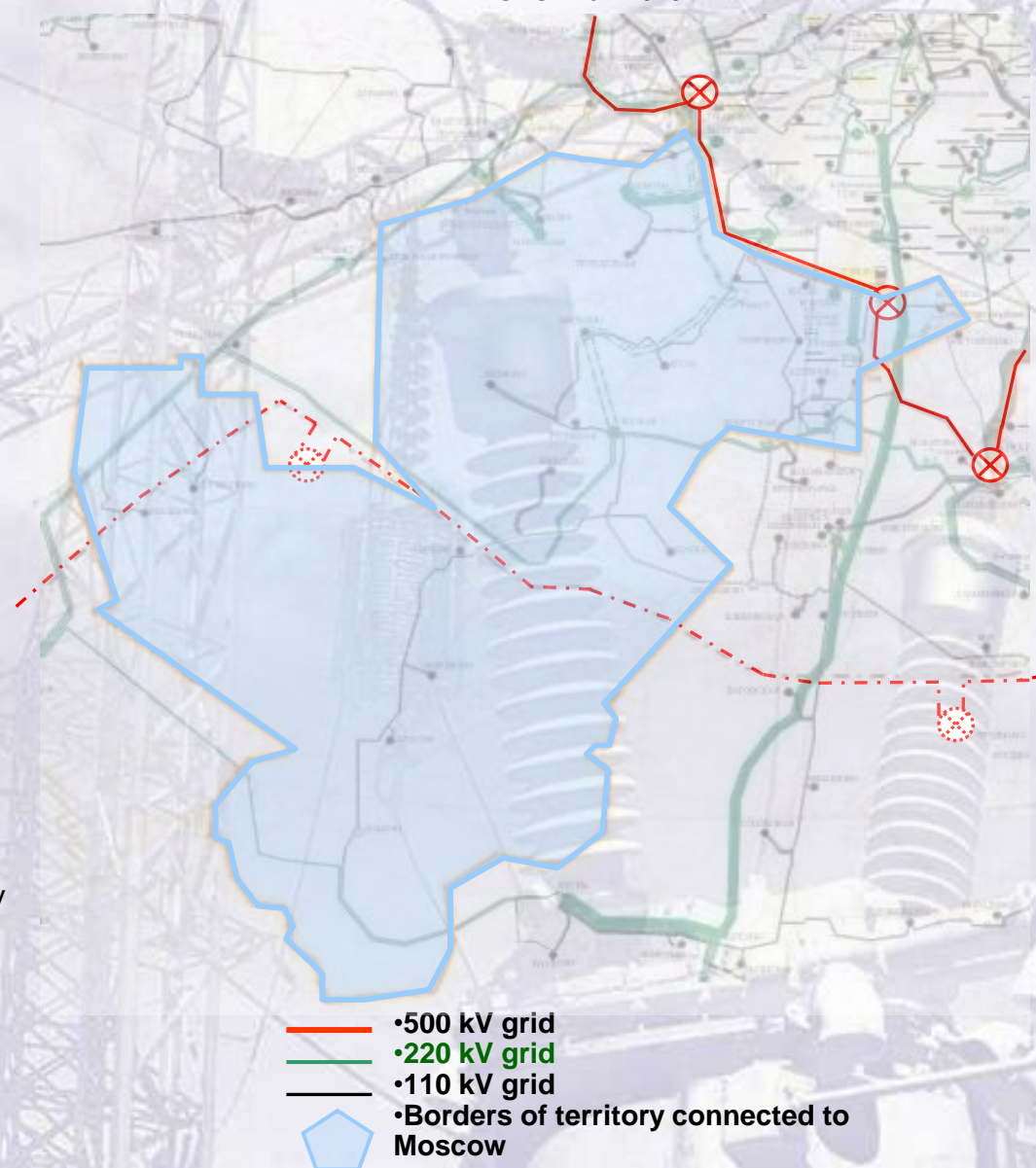
Positive dynamics of economic development of the capital region provides steady demand for energy resources. Electricity consumption of the region since 2005 has been growing 2,8% a year. For the period till 2020, the average annual growth of electricity consumption is expected on the level of 3,4% according to the base variant of the forecast (3,7% according to the regional variant of the forecast).



Expansion of Moscow borders:

- Increase in the territory of Moscow by 144 ths. Ha, up to the level of 251 ths. Ha, construction of 105 mn m2 of real estate, increase in population by 2 mn people
- Increase in consumption in Moscow by 20-30% in addition to the natural growth of 24-35% by 2020.
- Need for additional energy capacities in the volume of 4-5 GWh (generation and electric grids).

Fragment of scheme of prospective development of electric grids of JSC "MOESK" till 2020



Program of removal of restrictions from overloaded feed centers in Moscow for 2012 - 2016



Goal: Removal of restrictions of overloaded feed centers of JSC "MOESK" for technological connection of consumers to electric grids in Moscow for 2012-2016 (stage 1)

Tasks:

- Creation of additional capacity reserve at overloaded substations of JSC "MOESK" in Moscow;
- Increase in transmission capacity of 110 - 220 kV power lines of JSC "MOESK";
- New construction of substations and power lines;
- Provision of possibility of connection of new consumers in conditions of growing demand for electricity.

Target indicators of stage 1 of the Program:

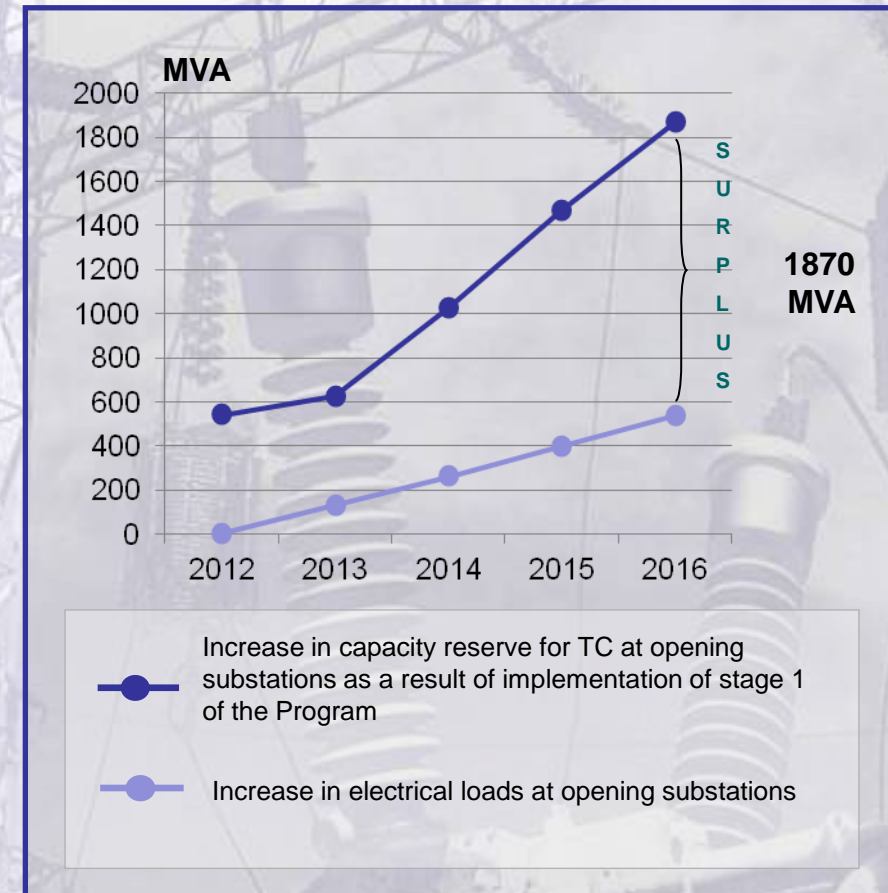
- Commissioning of new transformer capacity (taking into account replacement of overloaded transformers) in the territory of Moscow for the period of 2011-2016 – **8 570 MVA**;
- Creation of capacity reserve for technological connections at feed centers of JSC "MOESK" which are now closed, by 2016 – **1 870 MVA**.

Amounts of stage 1 funding: RUR 73 067 331 ths. (without VAT) including:

- RUR **55 731 667** ths. are stipulated by the project of the investment program of JSC "MOESK" for 2012 – 2017;
- RUR **15 039 244** ths. – the money volume spent for the period before 2012;
- RUR **2 296 420** ths. – necessary amount of additional financing to perform stage 1 of the program (2012 – 2016).

Actions and results of implementation of stage 1 of the Program:

- Removal of restrictions for technological connection of consumers to 50 feed centers of Moscow;
- Reconstruction of 34 substations of 110-220 kV and construction of 2 such facilities;
- Reconstruction of 17 PL of 110-220 kV.



Energy saving and energy efficiency improvement program of JSC "MOESK"



Goals and target indicators:

- Reduction in electricity losses from **10,33 %** in 2011 to **8,58 %** in 2016 of the volume of supply to the grid;
- Reduction in volume of electricity consumption for economic needs by **2,18 mn kWh**.

Tasks:

- Support of operation of electric grids in economic regimes.
- Increase in transmission capacity of power lines, provision of possibility of connection of new consumers and meeting of growing demand for electricity.
- Implementation of the measures aimed to ensure reliability of energy resources registration.
- Implementation of energy saving technologies.

Period of implementation: 2012-2016

Value of implementation of target actions of the program: RUR 1,0 bn

Funding sources: Own sources (cost, net profit)

Saving as a result of implementation of the Program during the period of 2012-2016: 2 181 mn kWh (734 ths. TFOE (tons of fuel oil equivalent).)

Economic efficiency indicators:

- Net discounted income = RUR 1,8 bn
- Internal rate of return = 24,6%;
- Discounted payback time = 4,8 y.;
- Profitability index = 1,26.

Program actions

Target actions
(aimed at achievement of energy saving effect)

1. Organizational actions related with electricity commercial measuring (taking of readings of electricity counters, detection of unmeasured and without-agreement electricity consumption)

2. Installation of energy saving lamps in order to decrease energy consumption for economic needs

Non-target actions
(aimed at development of grid, improvement of reliability and creation of electricity measuring system. Energy saving effect is an accompanying one)

3. Technical actions related with electricity commercial measuring (creation/modernization of information and measuring complexes for electricity measuring)

4. Replacement of overloaded and worn out transformers of 35-220 kV

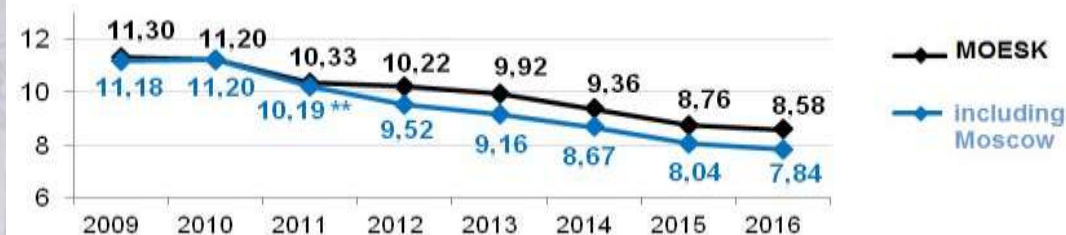
5. Replacement of overloaded and worn out transformers of 6-10 kV

6. Increase in transmission capacity of PL 35-220 kV

7. Development of 20 kV distribution electric grid

8. Installation of energy saving lamps in order to decrease energy consumption for economic needs

Dynamics of electricity losses, % of supply to grid *



* Taking into account transfer of electric grid facilities to JSC "OEK"

** Actual losses in the Moscow distribution grid (JSC "MCG" is a branch of JSC "MOESK") in 2011 was 9,23%

Innovation development program of JSC “MOESK” for 2011-2016 and till 2020



Program goal:

Improvement of economical and energy efficiency of electricity supplies of consumers at the expense of provision of innovation development of JSC “MOESK” by way of creation of modern electric grid infrastructure on the level of world standards.

Program tasks:

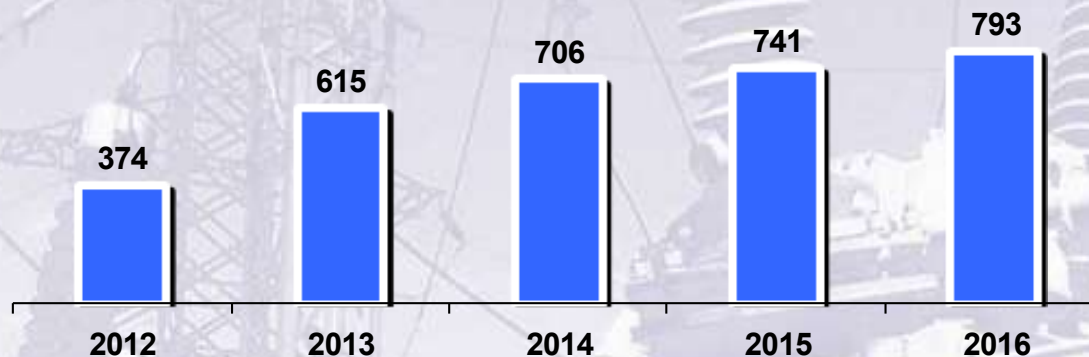
- ✦ Provision of high reliability and electricity supplies of the capital region;
- ✦ Enhancement of energy efficiency at the expense of loss reduction and innovations implementation;
- ✦ Increase in the market share at the expense of M&A;
- ✦ Increase in the share in adjacent sectors: engineering and energy service;
- ✦ Enhancement of investment appeal and value of the Company.

Key lines of innovation development:

- ✦ Innovation technologies and components of smart distribution grid;
- ✦ Innovation systems and methods of measurement, communication, management and liasion in smart grid;
- ✦ creation and development of new services and types of service maintenance of clients;
- ✦ Innovations in business processes and company management.

Amount of financing of the Innovation Development Program regarding own R&D, mn RUR, VAT included

2017-2020	2012-2020
To be defined additionally	3 229



Enhancement of focus on clients



In case of RAB regulation, amount of the Company's tariffs directly influences quality of client attendance. In the connection the Company pays careful attention to client-focused management.



Management system of the Company has been certified according to the requirements of ISO 9000



A wide network of client service centers has been created



Methods and processes of client service are constantly improved

Technical level and innovations

The most significant innovation projects of JSC “MOESK”



Application of direct current links to reduce the levels of short circuit currents and voltage adjustment



Application of means of reactive capacity compensation FACTS for voltage adjustment



Implementation of “smart grid” technologies, including creation of electricity transportation infrastructure

Risk management system

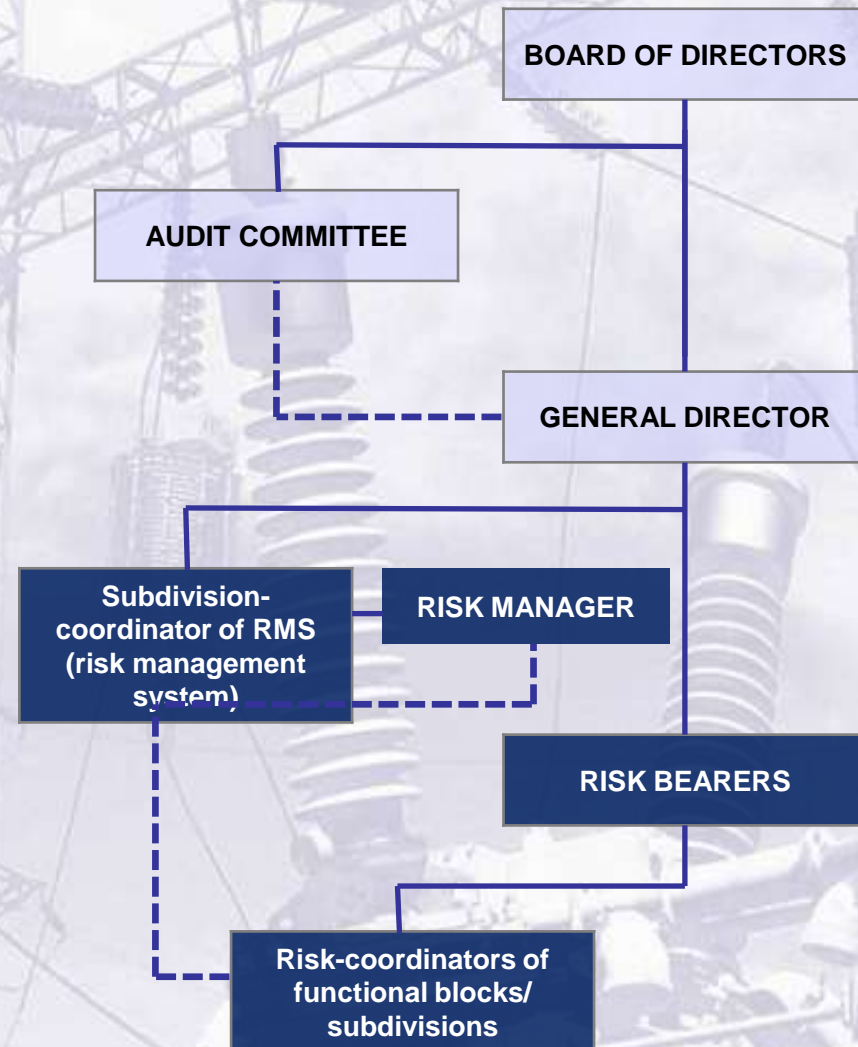


Steadiness of free cash flow (FCF) of JSC “MOESK” is exposed to:

- ⚡ Traditional risks (operating, credit, financing risks).
- ⚡ New risks (risks of long-term regulation of tariffs, market risks).

To mitigate the risks, the Company implements the corporate risk management system which is built on the following principles :

- ⚡ Presence of constantly effective cross-functional organizational structure of risk management.
- ⚡ Definition and regular updating of the Company’s risks structure.
- ⚡ Selection of the most significant risks to be included in the system of regular monitoring and management.
- ⚡ Calculation of probability and consequences of crucial risks.
- ⚡ Formation of integral index EaR (earning at risk).
- ⚡ Selection of risk management methods (acceptance, reduction, hedging, transfer) depending on the parameter EaR applicable for shareholders.
- ⚡ Classification of risks and fixation of responsibility of managers (risk bearers) for risk monitoring and management.





THANK YOU FOR YOUR ATTENTION!

JSC “Moscow United Electric Grid Company”

115114, Moscow, 2nd Paveletsky Passage, 3, bldg. 2

Tel.: +7 (495) 980-12-88

www.moesk.ru

Investor relations

Tel.: +7 (495) 984-57-72/74

ir@moesk.ru

Schedules

Approved uniform (common) tariffs (Moscow)



Uniform (common) tariffs for services of electricity transmission through grids located in Moscow

Indicator	Units of measurement	Voltage range			
		HV	MV-I	MV-II	LV
Population and equated consumers (tariffs are specified without VAT)					
One-rate tariff	RUR/MWh	1 231,99			
Other miscellaneous consumers (tariffs are specified without VAT)					
One-rate tariff	RUR/MWh	840,150	1 533,62	1 535,13	2 225,42
Two-rate tariff					
Rate for electric grid maintenance	RUR/MWmonth	392 565,93	610 470,15	643 409,68	791 580,75
Rate for payment of technological charge (losses) in electric grids	RUR/MWh	51,77	70,72	133,85	325,42

Approved by Order #165/1 of the regional energy commission of Moscow
Dated 26 December 2011

Approved uniform (common) tariffs (Moscow Region)



Uniform (common) tariffs for services of electricity transmission through grids located in the Moscow Region

Indicator	Units of measurement	Voltage range			
		HV	MV-I	MV-II	LV
Population and equated consumers (tariffs are specified without VAT)					
One-rate tariff	RUR/MWh	1351,2			
Other miscellaneous consumers (tariffs are specified without VAT)					
One-rate tariff	RUR/MWh	968,18	1444,75	1761,79	1935,81
Two-rate tariff					
Rate for electric grid maintenance	RUR/MWmonth	509 963,29	753 381,74	762 674,99	700 952,13
Rate for payment of technological charge (losses) in electric grids	RUR/MWh	49,54	115,00	272,75	600,80

Approved by Order #173-RM of the Ministry for Economy of the Moscow Region dated 22 December 2011

Structure of MOESK group



RUSSIAN FEDERATION



CJSC "Leader" (Trust Manager)
GPB-DI Holdings Limited
JSC "OEK-Finance", LLC "MOEK-Finance"
Others

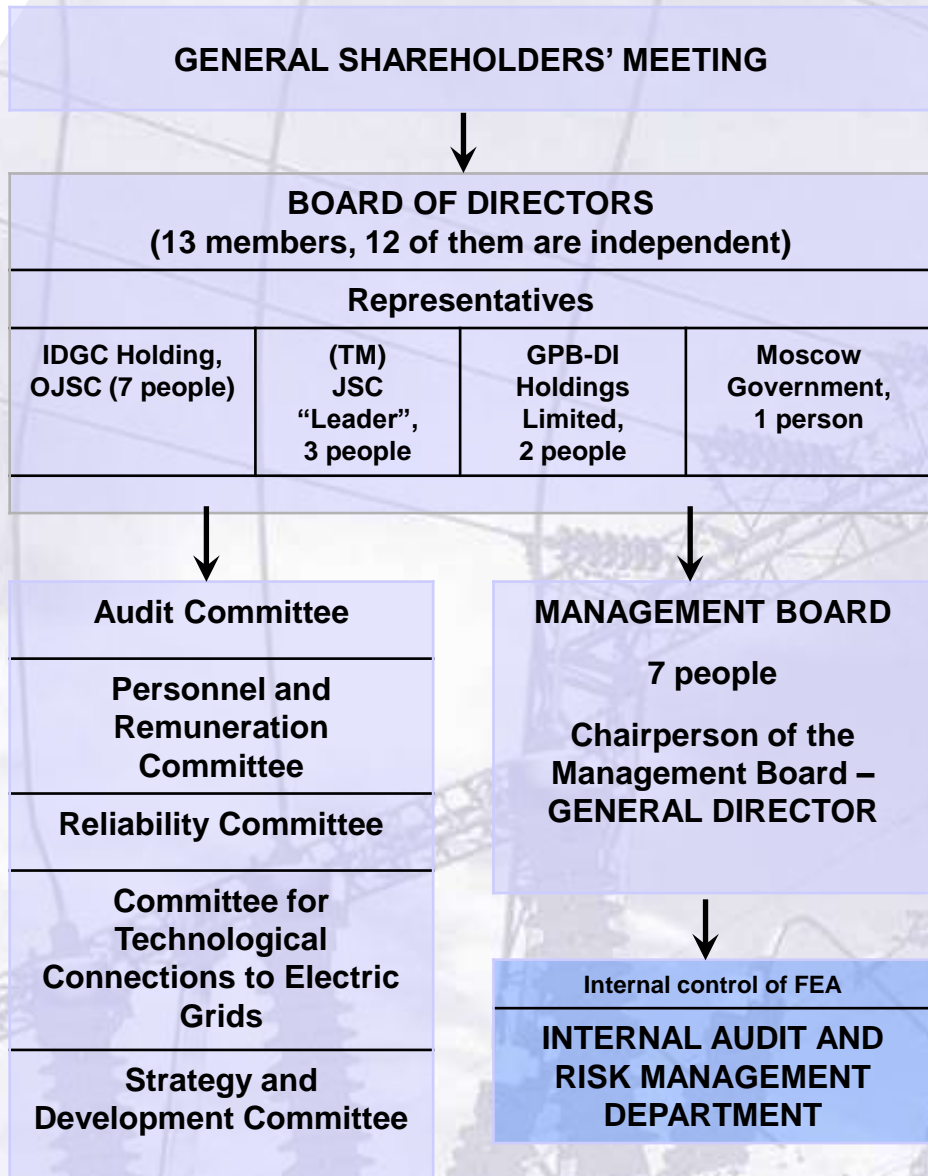
MOESK GROUP

7 BRANCHES

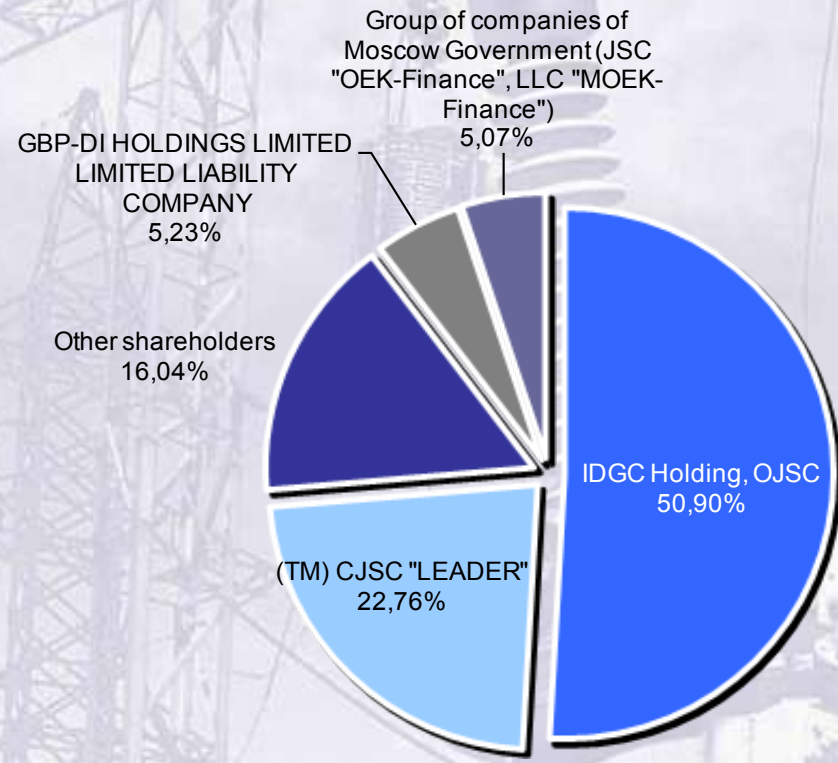
4 SUBSIDIARIES

Western electric grids (WEG)	OJSC "Energocenter"	JSC "Moskabel'energoremont" (JSC "MKER")	JSC "Moskabel'set'montazh" (JSC "MKSM")	JSC "Plant on repair of electrical machinery" (JSC "Plant RETO")
Eastern electric grids (EEG)				
Northern electric grids (NEG)	MAIN ACTIVITIES			
Southern electric grids (SEG)				
Central electric grids (CEG)	Technological connection to electric grids	Installation, adjustment and repairs of energy facilities, electrical engineering, thermal energy equipment and energy units of consumers.	Designing, construction and reconstruction of cable lines of 0.4-35 kV, construction of high-voltage cable lines of 110-220 kV and 500 kV.	Repairs of high-voltage electrical engineering equipment, production of electricity-protection devices and electrical engineering facilities, swages and pressing molds
High-voltage electric grids (HVCG)				
Moscow cable grids (MCG)				

Corporate governance and joint-stock capital structure



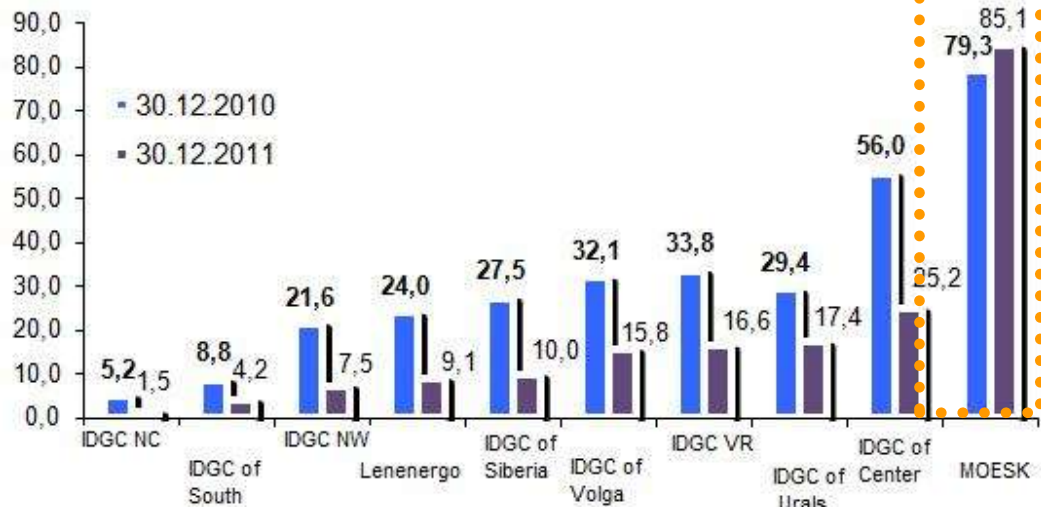
Structure of joint-stock capital at 02.08.2011 – date of close of the shareholders register before the extraordinary General Shareholders' Meeting



Shares



Capitalization, bn RUR, at na 30.12.2011



Issue, pcs.	48 707 091 574
Ticker	MSRS
Listing level	A1
Av. weighted price, RUR at 30.12.2011	1,7473
Capitalization, mn RUR at 30.12.2011	85 106
Presence in indices	MICEX PWR (RTSeu – currency value), MICEX MC, RTSI, RTS2

Positive dividend history

	2009 (based on 2008 results)	2010 (based on 2009 results)	2011 (based on 2010 results)
Paid dividends, mn RUR	-	450	1 200
% of transmission profit	-	15	31
EPS*	0,2208	0,3525	0,3737

Investment multipliers at 30.12.2011

EV/EBITDA	3,3
EV/RAB	0,35
EV/Output	55 \$/MWh